

# PREPARE + PROSPER

WORKING TOWARD A BRIGHTER FINANCIAL FUTURE

March 17, 2023

## We urge legislators to support the MinneKIDS Act (HF2864 / SF2850)!

Dear Chair and members:

Prepare + Prosper writes in support of the MinneKIDS Act (HF2864 / SF2850) to establish a statewide children's savings account (CSA) program for every child born in Minnesota.

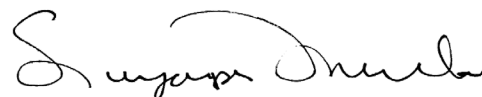
At Prepare + Prosper, we believe everyone deserves access to the tools and support that promotes financial well-being, wealth-building opportunities, and economic justice regardless of income. In 2022, we filed 19,943 returns and connected 8,336 Minnesota taxpayers with \$16.2 million in refunds, free of charge.

At Prepare + Prosper, we also advocate for safe and affordable financial products. As proposed in this bill, access to the CSA is restricted so that program-provided contributions (such as initial seed deposit) can only be used for their designated purpose - costs related to postsecondary education and business programs. The MinneKIDS accounts are custodial or omnibus accounts, in which funds are held by the CSA program as a third-party custodian on behalf of the children. Families may make emergency withdrawals of the money they deposit into their children's subaccount with authorization from the program administrator. However, they cannot withdraw the contributions provided by the MinneKIDS program.

While these restrictions ensure incentives are not withdrawn early, research also indicates that even with fewer restrictions, parents are unlikely to withdraw funds early. One study of account holders in the Oklahoma CSA program found that, despite the accounts being more accessible than in most current CSA programs, only 4% of parents withdrew money and most of those withdrawals were because of emergency situations such as a job loss or medical condition.

Starting 70,000 Minnesota children per year with a children's savings account through the MinneKIDS Act is an amazing way for individuals and families to build brighter financial futures. A CSA starting at birth allows children and families to learn how to save. If they can save for their education or business pursuits after high school, then they can also learn how to save for a home, for retirement, or other investable assets. As proposed, the MinneKIDS savings account is a safeguarded financial product that Minnesotans will learn they can trust.

Thank you,



Suyapa Miranda  
Executive Director

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